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AUTHOR	McIntyre, Chuck; Yong, Channing; El-Bdour, Mary
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ABSTRACT

This report updates the revenue per student comparisons contained in the Chancellor's Office 1997 paper on "Funding Patterns in California Community Colleges: Technical Paper for 2005 Task Force. These revenue comparisons are benchmarked across 5 fiscal years, against community colleges in 10 other large states (10LS), and for different sources of revenue. The definitions and measures--of both revenue and full-time equivalent (FTE) students--are the most comparable and valid available. This report finds that the revenue per student gap has increased slightly from 1993-94 to 1997-98, largely because while revenues have increased, California FTE are up and those in the 10LS are down slightly. During the same period, the gap in state and local tax revenue per student has declined from $585 per FTE to $248 per FTE because of California's improved public revenue stream. California's current tuition and fee revenues per FTE lag behind those of the 10LS even more than in 1993-94 because the $50 per credit baccalaureate surcharge was eliminated in 1996 and enrollment fee maintained at $13 while colleges in the 10LS increased tuition and fees at 4% to 5% annually. While California community colleges have improved their level of federal revenues, they still lag behind those of colleges in the 10LS. (VWC)

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Revenue per Student Comparisons

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California Community Colleges

1994-98

Prepared by:

Chuck McIntyre
Director of Research

Channing Yong
Research Specialist

Mary El-Bdour
Research Librarian

Research and Analysis Unit

Judy Walters, Vice Chancellor
Policy Analysis and Management Information Services Division
Chancellor's Office, California Community Colleges
Sacramento, California

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Revenue per Student Comparisons
California Community Colleges, 1994 to 1998

Summary

This paper updates revenue per student comparisons contained in the Chancellor's Office 1997 report on *Funding Patterns in California Community Colleges: Technical Paper for 2005 Task Force.*

These revenue comparisons are benchmarked across five fiscal years, against community colleges in ten other large states (10LS), and for different sources of revenue. Several data sources are used, the primary being the U.S. Department of Education *Integrated Postsecondary Education Data Survey (IPEDS)* and Chancellor's Office *Fiscal Data Abstract.*

The definitions and measures - of both revenue and full-time equivalent (FTE) students - are the most comparable and valid available. Data are based on either reports of actual experience or up-to-date estimates.

Major findings:

- The revenue per student gap (California is below the 10LS) has increased slightly from 1993-94 to 1997-98 largely because while revenues have increased, California FTE are up and those in the 10LS are down slightly.
- During the same period, the gap in state and local tax revenue per student has declined from $585 per FTE to $248 per FTE, because of California's improved public revenue stream.
- California's current tuition and fee revenues per FTE lag behind those of the 10LS even more than in 1993-94 because the $50 per credit baccalaureate surcharge was eliminated in 1996 and enrollment fee maintained at $13 while colleges in the 10LS increased tuition and fees at 4% to 5% annually.
- While California community colleges have improved their level of federal revenues, they still lag behind those of colleges in the 10LS.

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Revenue per Student Comparisons
California Community Colleges, 1994 to 1998

Purpose

The basic purpose of this paper is to update - from 1993-94 to 1997-98 - the revenue per student comparisons contained in the Chancellor's Office 1997 paper *on Funding Patterns in California Community Colleges* which formed a part of the basis for recommendations by the 2005 Task Force and the Chancellor in *California Community Colleges 2005*.

Findings

The major question: in view of the recent improvements in Proposition 98 and California Community College funding, has the $2,000+ gap in revenue per student between California and community colleges in ten other large states (10LS) that existed in 1993-94 been closed?

The answer:

- ***No; the "gap" has actually increased slightly**, from $2,140 to $2,286 since 1993-94, because California's revenue stream has not improved enough to compensate for differences in FTE change: California FTE are up 6%, while the 10LS FTE have declined slightly (see Table 1 and Chart 1).*

Also of concern: What has happened to the revenue "gap" in terms of its **component** parts?

- *The gap in **state and local tax** revenues per student (California level is less than the 10LS) has declined, but still exists: the gap falling from $585 per FTE in 1993-94 to $248 in 1997-98 (Chart 2).*

  The proportion of California community college budgets derived from state and local tax revenues has increased during the past four-year period from 76% in 1993-94 to 81% currently (Tables 2, 3, and 4). The current proportion in the 10LS is 61%.

- ***Tuition and fee** revenues per student in California, always below those of other states, have fallen further behind, the 1993-94 gap of $1,200 per FTE increasing to $1,500 by 1997-98 (Chart 2). This is because California community colleges eliminated the $50 per credit*

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surcharge for students with baccalaureates in 1996 and maintained the enrollment fee at $13 per credit unit, while community colleges elsewhere in the 10LS were increasing tuition and fee charges by between 4% and 5% each year (Charts 2 and 3).

- *California continues to be relatively low in the amount of **federal** revenues per student its community colleges receive. California appears to have increased its federal revenue over the past four years, however, while the 10LS have not; thereby, closing the gap somewhat (Chart 2).*

Method

Benchmarks

The comparisons span five fiscal years, highlighting:

1993-94
1995-96

Data for these years are actual reports taken from:

- California Community College Chancellor's Office, *Funding Patterns in California Community Colleges: Technical Paper for 2005 Task Force.*
- California Community College Chancellor's Office, *Fiscal Data Abstracts.*
- U.S. Department of Education. (1997). *Integrated Postsecondary Education Data Survey (IPEDS),* Fiscal and Enrollment Reports.

1997-98

Data for this year are a combination of actual reports and estimates taken from:

- California Community College Chancellor's Office, *Fiscal Data Abstracts and April 1999 telephone survey of the 10LS.*
- American Association of Community Colleges (AACC).
- State Higher Education Executive Officers (SHEEO). *Appropriations for Higher Education.*
- Center for Higher Education, Illinois State University. *Grapevine,* Internet Web Site.

Community colleges in California are compared to their counterparts *in ten other large states (10LS):*

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State-Aided Community Colleges:	Arizona Illinois Michigan New York (SUNY, CUNY, technicals) Ohio Pennsylvania Texas
State Community Colleges:	Florida North Carolina Washington

Besides shortening the survey time and improving the information response, use of the 10LS provides a valid comparative group. Among them, community colleges in the 10LS and California comprise more than half of all FTE enrollment and revenues reported by all community colleges in the United States. Moreover, the demographics, public finance, and community college operations in the 10LS are more like these factors in California then are the same factors in the other 39 states.

Measures and Definitions

Revenue.

Use of the IPEDS as a beginning benchmark requires us to use their revenue definitions as our basis:

> *Federal* sources: appropriations, grants and contracts, and independent operations, excluding Pell Grants.
>
> *State and Local* sources: appropriations, grants, and contracts from state and local governments.
>
> *Other* sources: private gifts, grants and contracts, endowment income, sales and services, and other.

The IPEDS survey data include both general and special "current" funds revenue. Reconciling state and local reports to IPEDS requires an upward adjustment in reports that present only an institution's general fund. In California, for instance, this explains why our estimated revenue per FTE for 1995-96 of $5,144 is so much higher than the *Fiscal Abstract's* reported $4,113 general fund (excluding special fund) revenue per FTE for that same year.

Full-Time Equivalent (FTE) Student Enrollment.

This work uses FTE generated in instruction for which institutional credit is awarded because it is the most consistently available measure over time and across states. Enrollment in instruction not offered for credit, by contract, or in a corporate cost-recovery mode is not used primarily because it is not available and secondarily because practices vary across states.

The derivation of FTE is based on class contact hours in some states and on class credit hours in other states. The precise consequence of this is uncertain since states use different denominators. For instance, California uses 525 contact hours to define one FTE, while Oregon uses 500 contact hours. Further clouding this picture is the fact that community colleges in one state (like California or Michigan) may offer instruction by contract and not measure any of the instructional activity, while colleges in another state (like Oregon, Arizona or North Carolina) offer some of the same kind of instruction through their regular programs and measure all of the instructional activity through FTE. [Despite these minor complications, our view is that such problems are sufficiently trivial that they do not seriously detract from the comparisons in this paper.]

As with the revenue adjustments, we have reconciled the FTE estimates from the sources in each of the states to the federal estimates prepared by NCES. In any case, the change in FTE over the period of major importance (Chart 4).

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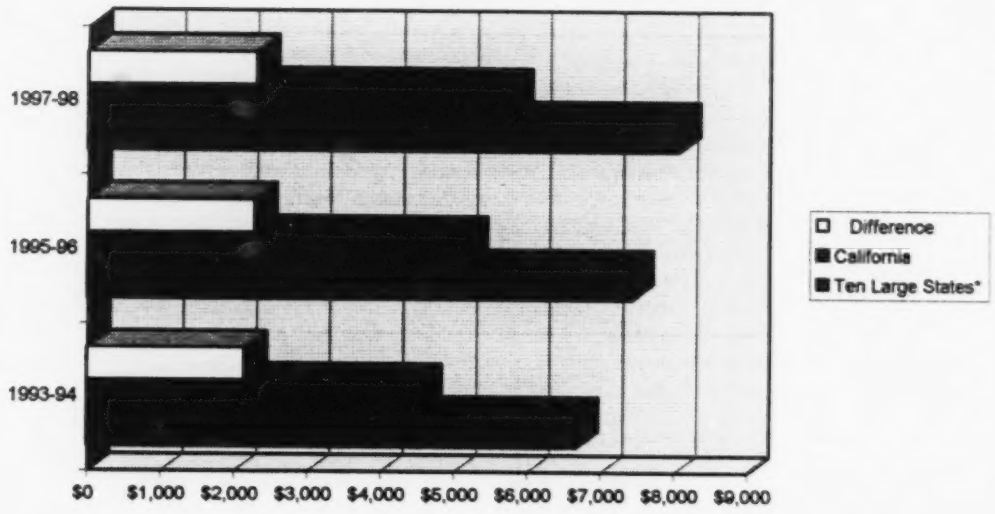
Community College Revenue per Student
Table 1

	1993-94	1995-96	Change	1997-98	Change	1998-99
Total Revenue per FTE						
Ten Large States*	$6,665	$7,412	11.2%	$8,046	8.6%	
California	$4,525	$5,144	13.7%	$5,755	11.9%	
Difference	$2,140	$2,268	$128	$2,291	$23	
State & Local Tax Revenues per FTE						
Ten Large States*	$4,039	$4,457	10.4%	$4,890	9.7%	
California	$3,454	$3,992	15.6%	$4,642	16.3%	
Difference	$585	$465	($120)	$248	($217)	
Tuition and Fee Revenues per FTE						
Ten Large States*	$1,618	$1,802	11.4%	$1,997	10.8%	
California	$405	$412	1.6%	$477	16.0%	
Difference	$1,213	$1,391	$178	$1,519	$129	
	1993-94	**1995-96**		**1997-98**		
Federal Revenues per FTE						
Ten Large States*	$477	$369	-22.7%	$371	0.6%	
California	$189	$226	19.8%	$214	-5.3%	
Difference	$288	$142	($146)	$156	$14	
Other Revenues per FTE						
Ten Large States*	$700	$784	12.0%	$788	0.6%	
California	$477	$514	7.8%	$484	-5.9%	
Difference	$223	$270	$47	$304	$35	

Chart 1. Total Revenue per FTE



*Arizona, Florida, Illinois, Michigan, NY, North Carolina, Ohio, Pennsylvania, Texas, Washington.

Source: Tables 2, 3, and 4.

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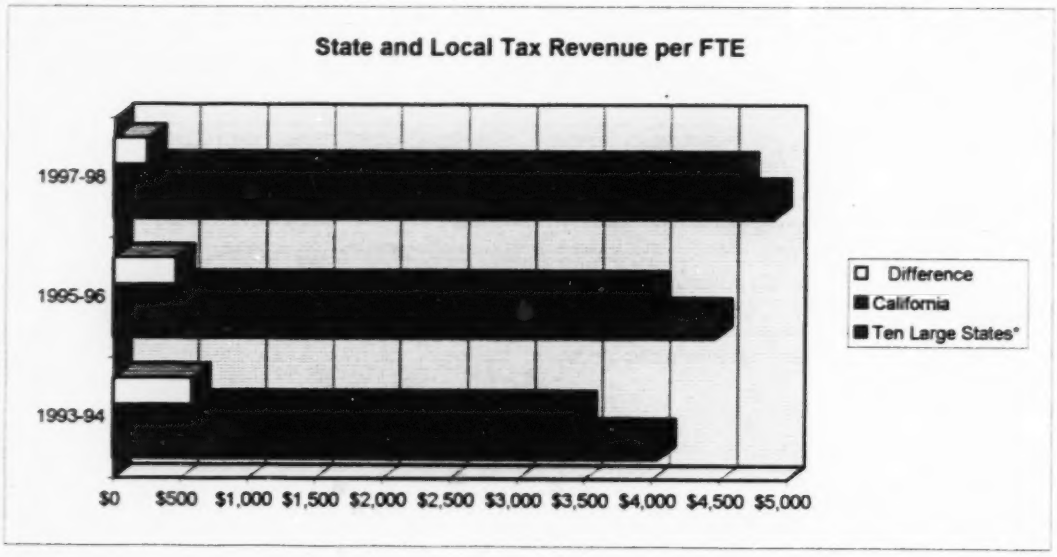
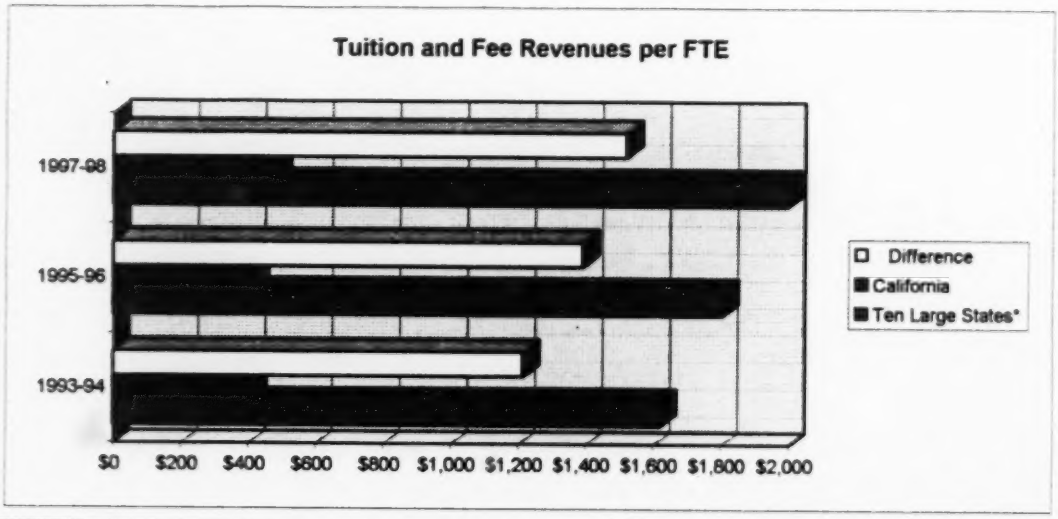
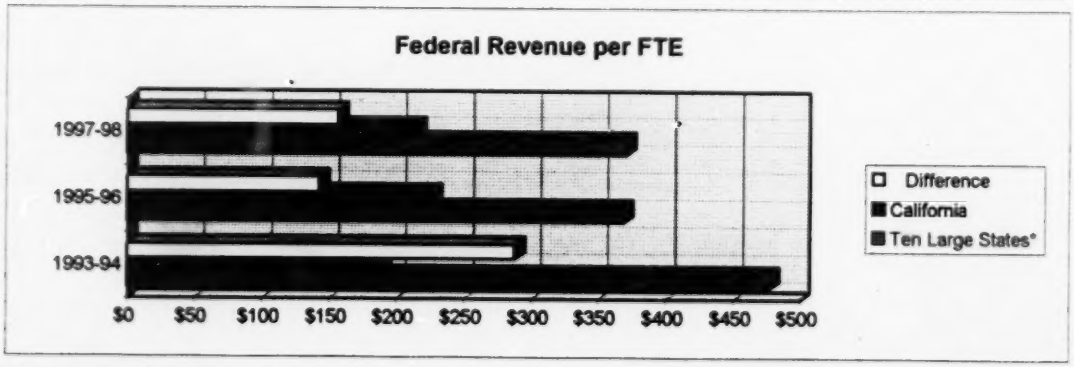
Community College Revenue per Student
Chart 2







*Arizona, Florida, Illinois, Michigan, NY, North Carolina, Ohio, Pennsylvania, Texas, Washington.

Source: Table 1.

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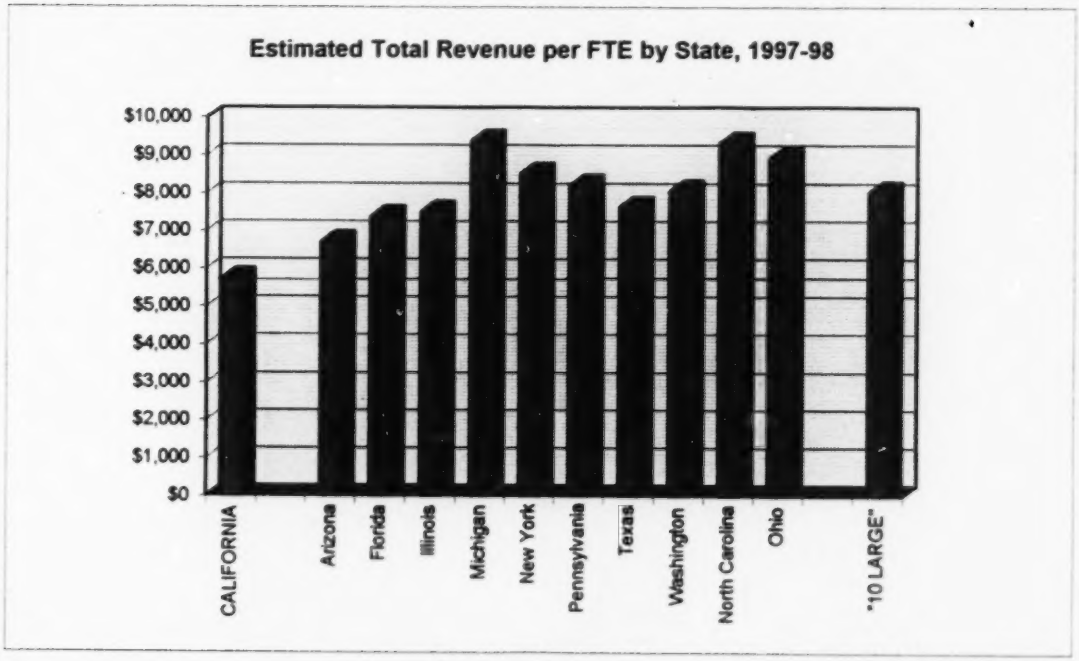
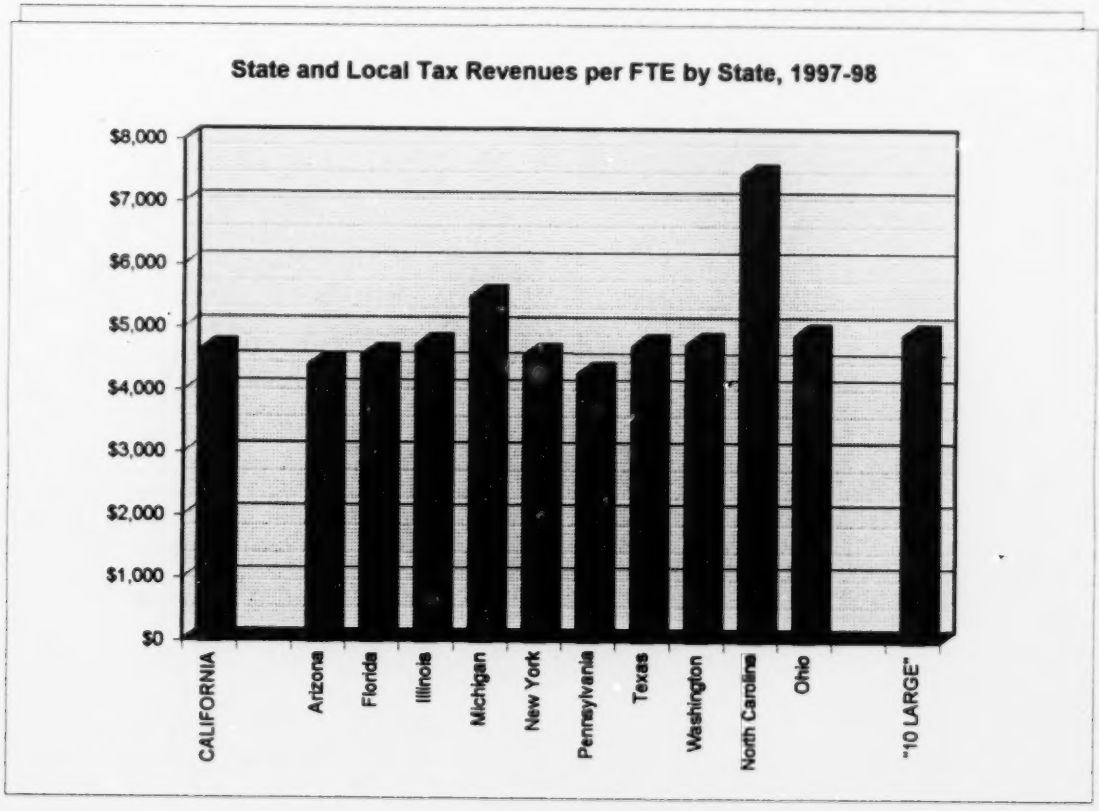
Community College Revenue per Student
Chart 3





Source: Table 4.

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Community College Revenue per Student
Table 2

Revenue per Credit FTE, 1993-94

	Tuition & Fees	State and Local Tax	Federal	Other	Total
CALIFORNIA	$405	$3,454	$189	$477	$4,525
Arizona	$1,173	$3,403	$268	$417	$5,261
Florida	$1,513	$3,545	$292	$592	$5,942
Illinois	$1,190	$3,633	$367	$741	$5,930
Michigan	$2,040	$4,207	$302	$738	$7,286
New York	$2,425	$4,406	$128	$647	$7,606
Pennsylvania	$2,224	$3,319	$330	$592	$6,465
Texas	$1,191	$4,234	$470	$751	$6,646
Washington	$1,560	$4,502	$343	$1,109	$7,513
North Carolina	$809	$5,522	$297	$587	$7,215
Ohio	$2,457	$3,516	$170	$760	$6,904
"10 LARGE"	$1,618	$4,039	$477	$700	$6,665
"OTHER"	$1,653	$3,814	$465	$768	$6,701

Percent Distribution

CALIFORNIA	9%	76%	4%	11%	100%
Arizona	22%	65%	5%	8%	100%
Florida	25%	60%	5%	10%	100%
Illinois	20%	61%	6%	12%	100%
Michigan	28%	58%	4%	10%	100%
New York	32%	58%	2%	9%	100%
Pennsylvania	34%	51%	5%	9%	100%
Texas	18%	64%	7%	11%	100%
Washington	21%	60%	5%	15%	100%
North Carolina	11%	77%	4%	8%	100%
Ohio	36%	51%	2%	11%	100%
"10 LARGE"	24%	61%	7%	11%	100%
"OTHER"	25%	57%	7%	11%	100%

Source: Chancellor's Office. (1997). *Funding Patterns in California Community Colleges*. U.S. Department of Education (1998). National Center for Educational Statistics, Integrated Postsecondary Education Data System (IPEDS) Survey.

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Community College Revenue per Student
Table 3

Revenue per Credit FTE, 1995-96

	Tuition & Fees	State and Local Tax	Federal	Other	Total
CALIFORNIA	$412	$3,992	$226	$514	$5,144
Arizona	$1,386	$4,145	$397	$573	$6,506
Florida	$1,576	$3,834	$335	$688	$6,433
Illinois	$1,397	$4,287	$373	$857	$6,914
Michigan	$2,235	$4,798	$420	$950	$8,403
New York	$2,794	$4,766	$201	$629	$8,391
Pennsylvania	$2,586	$3,868	$422	$664	$7,540
Texas	$1,378	$4,382	$547	$795	$7,102
Washington	$1,682	$4,432	$356	$1,106	$7,576
North Carolina	$828	$6,015	$305	$664	$7,812
Ohio	$2,732	$4,345	$239	$922	$8,229
"10 LARGE"	$1,802	$4,457	$369	$784	$7,412
"39 OTHER"	$1,819	$4,384	$523	$869	$7,596
ALL OTHER - CA	$1,810	$4,423	$441	$824	$7,498
TOTAL	$1,456	$4,314	$387	$745	$6,902

Percent Distribution

CALIFORNIA	8%	78%	4%	10%	100%
Arizona	21%	64%	6%	9%	100%
Florida	25%	60%	5%	11%	100%
Illinois	20%	62%	5%	12%	100%
Michigan	27%	57%	5%	11%	100%
New York	33%	57%	2%	8%	100%
Pennsylvania	34%	51%	6%	9%	100%
Texas	19%	62%	8%	11%	100%
Washington	22%	59%	5%	15%	100%
North Carolina	11%	77%	4%	9%	100%
Ohio	33%	53%	3%	11%	100%
"10 LARGE"	24%	60%	5%	11%	100%
"39 OTHER"	24%	58%	7%	11%	100%
ALL OTHER - CA	24%	59%	6%	11%	100%
CA	8%	78%	4%	10%	100%

Source: Chancellor's Office. (1997). *Fiscal Data Abstract, 1995-96.*
U.S. Department of Education (1998). National Center for Educational Statistics, *Integrated Postsecondary Education Data System (IPEDS)*, 1995-96 Finance Survey and Fall Enrollment Survey estimate of FTE enrollment in public 2-year institutions.

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Community College Full-Time Equivalent Students
Table 4

Revenue per Credit FTE, 1997-98

	Tuition & Fees	State and Local Tax	Federal*	Other*	Total
CALIFORNIA	$477	$4,642	$214	$484	$5,755
Arizona	$1,351	$4,405	$397	$573	$6,726
Florida	$1,829	$4,565	$329	$677	$7,400
Illinois	$1,573	$4,728	$369	$848	$7,519
Michigan	$2,480	$5,491	$435	$983	$9,390
New York	$3,092	$4,573	$208	$649	$8,521
Pennsylvania	$2,822	$4,275	$437	$687	$8,221
Texas	$1,607	$4,714	$538	$782	$7,642
Washington	$1,895	$4,748	$347	$1,077	$8,067
North Carolina	$837	$7,435	$331	$721	$9,324
Ohio	$2,877	$4,888	$240	$926	$8,931
"10 LARGE"	$1,997	$4,890	$371	$788	$8,046

Percent Distribution

CALIFORNIA	8%	81%	4%	8%	100%
Arizona	20%	65%	6%	9%	100%
Florida	25%	62%	4%	9%	100%
Illinois	21%	63%	5%	11%	100%
Michigan	26%	58%	5%	10%	100%
New York	36%	54%	2%	8%	100%
Pennsylvania	34%	52%	5%	8%	100%
Texas	21%	62%	7%	10%	100%
Washington	23%	59%	4%	13%	100%
North Carolina	9%	80%	4%	8%	100%
Ohio	32%	55%	3%	10%	100%
"10 LARGE"	25%	61%	5%	10%	100%

*Revenue from federal and other sources in other states assumed constant from 1996 to 1998.

Source: Chancellor's Office, California Community Colleges. (1999). *Fiscal Data Abstract, 1997-98.*
U.S. Department of Education (1998). National Center for Educational Statistics, *Integrated Postsecondary Education Data System (IPEDS)*, 1995-96 Finance Survey and Fall Enrollment Survey estimate of FTE enrollment in public 2-year institutions.
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College Entrance Examination Board. (1999). Internet Web Site.

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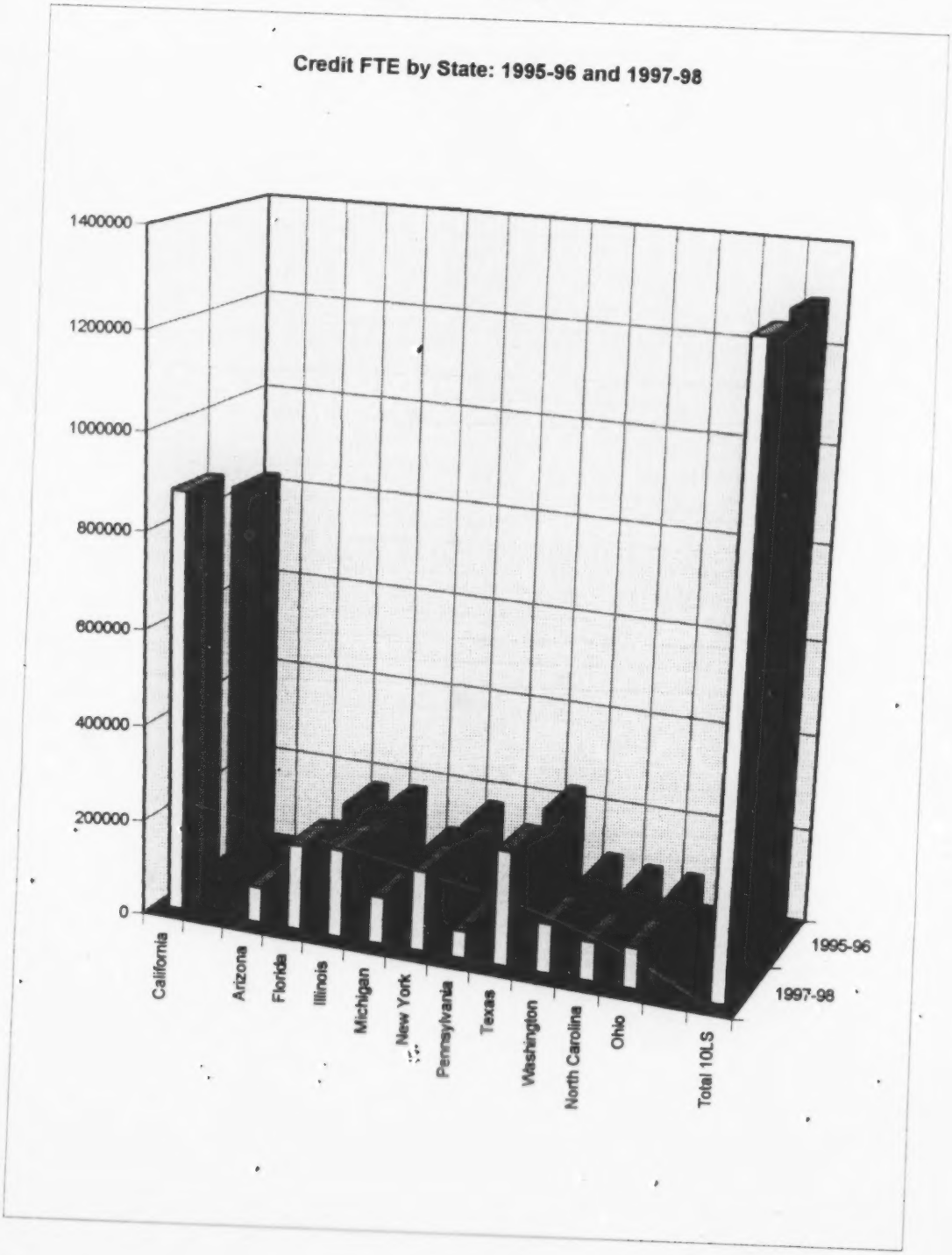
Community College Full-Time Equivalent Students
Chart 4



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